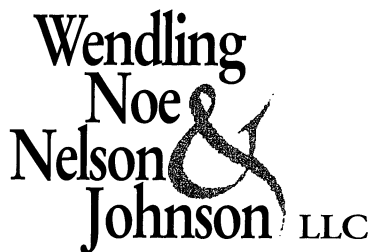


FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
CITY OF LANSING, KANSAS
DECEMBER 31, 2010

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Members
of the City Council
City of Lansing, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lansing, Kansas, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lansing's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial and summarized comparative information has been derived from the City of Lansing's 2009 financial statements and, in our report dated July 7, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information.

The financial statements include partial and summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2009, from which such partial and summarized information was derived.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the Kansas *Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lansing, Kansas, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General and Consolidated Street and Highway funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required management discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lansing's basic financial statements. The accompanying supplementary information such as combining and individual fund financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Lansing, Kansas. The combining and individual nonmajor fund financial statements, budgetary schedules, and capital asset schedule are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wendy Mae Nelson & Josh LLC

Topeka, Kansas
August 16, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lansing, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Lansing for the calendar year ended December 31, 2010.

Financial Highlights

- Assets of the City of Lansing exceeded its liabilities at the close of the most recent calendar year by \$13,100,139.
- At the close of the current calendar year, the City of Lansing's governmental funds reported combined ending fund balances of \$6,118,874.
- At the end of the current calendar year, the unreserved, undesignated fund balance for the general fund was \$975,956.
- The City's total debt decreased by \$1,478,974 during the current calendar year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lansing's basic financial statements. The City of Lansing's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Lansing's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Lansing's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Lansing is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent calendar year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lansing that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Lansing include general government, public safety, public works (roads, utilities and traffic controls), parks and recreation, library and employee benefits. The business-type activities of the City of Lansing include wastewater and solid waste activities. The City of Lansing has no component units, which are entities that are legally separate, but for which the City is financially accountable.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lansing, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lansing can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the calendar year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the city's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental funds financial statements can be found on pages 11 and 13 of this report.

The City of Lansing adopts an annual appropriated budget for all governmental funds as required by state statute.

Proprietary funds. The City of Lansing maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Lansing uses enterprise funds to account for its Wastewater and Solid Waste activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Wastewater Fund and other proprietary funds, namely, Solid Waste activities, which is not considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 17-20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not available to support the City of Lansing's own programs and, therefore, are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 21 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Lansing, assets exceeded liabilities by \$13,100,139 at the close of 2010.

By far, the largest portion of the City of Lansing's net assets reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Lansing used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Lansing's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF LANSING CONDENSED NET ASSETS December 31, 2010

	Governmental activities 2010	Business-type activities 2010	Total 2010
Current and other assets	\$ 6,118,874	\$ 1,607,767	\$ 7,726,641
Capital assets	<u>18,136,429</u>	<u>16,617,483</u>	<u>34,753,912</u>
Total assets	24,255,303	18,225,250	42,480,553
Long-term liabilities outstanding	14,532,275	11,314,068	25,846,343
Current and other liabilities	<u>3,372,962</u>	<u>161,109</u>	<u>3,534,071</u>
Total liabilities	17,905,237	11,475,177	29,380,414
Net assets			
Invested in capital assets, net of related debt	4,071,374	5,303,415	9,374,789
Restricted	594,157		594,157
Unrestricted	<u>1,684,535</u>	<u>1,446,658</u>	<u>3,131,193</u>
Total net assets	<u>\$ 6,350,066</u>	<u>\$ 6,750,073</u>	<u>\$13,100,139</u>

A portion of the City of Lansing's net assets (\$594,157) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$3,131,193) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current calendar year, the City of Lansing is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Financial Analysis of the Government's Funds

As noted earlier, the City of Lansing uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Governmental funds. The financial reporting focus of the City of Lansing's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the City of Lansing's financing requirements. In particular, *unreserved fund balance* may serve as useful measure of a government's net resources available for spending at the end of the calendar year.

As of the end of the current calendar year, the City of Lansing's governmental funds reported combined ending fund balances of \$6,350,066. Of this total amount \$1,684,535 constitutes unreserved fund balance, which is available to meet the future financial needs of the City. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the City of Lansing. At the end of the current calendar year, unreserved fund balance of the general fund was \$975,956. The City of Lansing's general fund balance decreased by \$8,458 during the current calendar year.

Proprietary funds. The City of Lansing's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The ending net assets for the proprietary funds were \$6,750,073, a net increase of \$43,514.

The unrestricted net assets of the two enterprise funds totaled \$1,446,658.

General Fund Budgetary Highlights

The City continues to develop long term strategies to manage debt, while limiting the fiscal burden on the citizens of Lansing. Management is watching the City's debt load to ensure that future revenues will be sufficient to retire the debt without jeopardizing essential City services.

Revenues for the general fund operations were less than estimated by \$3,049, and departmental expenditures on the budgetary basis were less than appropriated amounts by \$457,210.

Transfers out of the general fund totaled \$514,151 for the year ended December 31, 2010 (see Statement of Revenues, Expenditures and Change in Fund Balances on page 15 of this report).

Revenues from ad valorem taxes represented the largest general fund revenue source with collections totaling \$1.83 million or 40% of all general fund revenues. At \$1.43 million or 31% of all general fund revenue collected, current year retail sales and use taxes represent the second largest revenue source for the general fund. The Mill Levy increased by .878 in 2010, moving from 36.898 in 2009 to 37.776 in 2010.

Enterprise Operations

The City's enterprise operations consist of two separately accounted for operations which are administered by two different departments: Finance and Wastewater. Operating revenues for the City's combined enterprise operations increased by \$34,914. The key factors in this increase are a utility rate increase on residential and commercial utility accounts and a proactive approach to collecting delinquent balances.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Capital Asset and Debt Administration

Capital assets. The City of Lansing's investment in capital assets for its governmental and business type activities as of December 31, 2010, amount to \$34,753,912 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park and municipal facilities, roads, highways and sidewalks. The total decrease in the City of Lansing's investment in capital assets for the current calendar year was \$1,228,684. Details of the City of Lansing's capital assets are continued in Note D - 3 to financial statement on pages 33 and 34.

Long-term debt. At the end of the current calendar year, the City of Lansing had total bonded debt outstanding of \$25,721,605, which comprises debt backed by the full faith and credit of the City. (More detailed information about the agency's long-term liabilities is presented in Note E to the financial statement on page 36.)

The City of Lansing's total debt decreased by 5% during the current year; the key factor in this decrease was the retiring of \$1,210,000 net debt for projects detailed below:

During the current year, the City of Lansing issued general obligation debt in the principal amount of \$975,000 to retire temporary loans (\$1,210,000) from the State of Kansas for the West Mary Sanitary Interceptor and Sewer Benefit District and the 147th Street projects. This obligation will be repaid via tax levies and annual assessments against the Benefit District.

The City of Lansing continues to pay down its debt, retiring \$1,366,102 of outstanding debt during the current fiscal year (excludes the \$1,210,000 temporary notes that were retired).

Economic Factors and Next Year's Budgets and Rates

The instability of the U.S. economy is still a major concern, and the City of Lansing is positioning itself to withstand tough economic times. Although an increase in assessed valuation is not estimated for 2011, the City continues to experience consistent growth from the Main Street business district. Once again, City staff worked to reduce 2011 expenditures. Several departments were reorganized, reducing staff and expenses without compromising public safety or reducing City services.

In adopting the budget for the ensuing calendar year 2011, City officials considered many factors in making judgments and estimates about the finances of the upcoming year.

Upcoming capital projects scheduled are:

- Towne Center Development
- Desoto Road - Design and Engineering
- Street, Side Walk and Drainage Projects
- Economic Development Projects
- Completion of Phase I of the Parks Project

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The primary objective of the Council was to continue to provide basic City services to the citizens, while attempting to keep the property tax rate substantially the same. The City's Mill Levy rate is projected to increase by 2.6%, moving from 37.776 in 2010 to 38.781 in 2011. The dollar value equivalent is \$11.56 increase in taxes paid on a \$100,000 home.

Requests for Information

This financial report is designed to provide a general overview of the City of Lansing's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Finance Department, 800 1st Terrace, Lansing, Kansas 66043.

CITY OF LANSING, KANSAS

STATEMENT OF NET ASSETS

December 31, 2010

With comparative totals for December 31, 2009

	Primary government		Totals	
	Governmental activities	Business- type activities	2010	2009
ASSETS				
Cash and cash equivalents	\$ 3,208,778	\$ 1,015,065	\$ 4,223,843	\$ 5,444,690
Receivables	2,907,295	592,702	3,499,997	3,264,258
Prepaid expenses	2,801		2,801	1,124
Capital assets				
Land	991,774		991,774	991,774
Depreciable buildings, property and equipment, net of depreciation	14,634,373	16,617,483	31,251,856	30,450,614
Construction in progress	<u>2,510,282</u>		<u>2,510,282</u>	<u>4,540,208</u>
Total assets	<u>24,255,303</u>	<u>18,225,250</u>	<u>42,480,553</u>	<u>44,692,668</u>
LIABILITIES				
Accounts payable	165,031	14,490	179,521	140,540
Customer deposits		25,054	25,054	49,193
Accrued interest payable	209,845	100,318	310,163	309,696
Salaries and wages payable	47,678	19,247	66,925	57,229
Deferred revenue	2,950,408	2,000	2,952,408	2,892,358
Noncurrent liabilities				
Due within one year	916,368	695,237	1,611,605	2,699,351
Due in more than one year	<u>13,615,907</u>	<u>10,618,831</u>	<u>24,234,738</u>	<u>24,623,387</u>
Total liabilities	<u>17,905,237</u>	<u>11,475,177</u>	<u>29,380,414</u>	<u>30,771,754</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,071,374	5,303,415	9,374,789	9,376,509
Restricted for debt service	594,157		594,157	734,028
Unrestricted	<u>1,684,535</u>	<u>1,446,658</u>	<u>3,131,193</u>	<u>3,810,377</u>
Total net assets	<u>\$ 6,350,066</u>	<u>\$ 6,750,073</u>	<u>\$13,100,139</u>	<u>\$13,920,914</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF ACTIVITIES
Year ended December 31, 2010
With comparative totals for December 31, 2009

	<u>Expenses</u>	<u>Program revenues</u>			<u>Net (expense) revenue and changes in net assets</u>			
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Primary government</u>		<u>Totals</u>	
					<u>Governmental activities</u>	<u>Business-type activities</u>		
							<u>2010</u>	<u>2009</u>
Functions/programs								
Primary government								
Governmental activities								
General government	\$ (2,305,521)	\$ 968,515	\$417,251	\$ -	\$ (919,755)	\$ -	\$ (919,755)	\$ (1,324,865)
Public safety	(1,348,016)	4	48,646		(1,299,366)		(1,299,366)	(1,213,337)
Public works	(802,128)				(802,128)		(802,128)	(928,982)
Library	(179,074)				(179,074)		(179,074)	(176,587)
Culture and recreation	(616,263)	80	26,265		(589,918)		(589,918)	(565,482)
Planning and zoning	(1,069,352)				(1,069,352)		(1,069,352)	(232,927)
Interest	(669,874)				(669,874)		(669,874)	(680,325)
Total governmental activities	<u>(6,990,228)</u>	<u>968,599</u>	<u>492,162</u>	<u>-</u>	<u>(5,529,467)</u>	<u>-</u>	<u>(5,529,467)</u>	<u>(5,122,505)</u>
Business-type activities								
Sewer Utility	(1,972,045)	1,419,912				(552,133)	(552,133)	(541,758)
Refuse Utility	(389,262)	483,146				93,884	93,884	36,164
Total business-type activities	<u>(2,361,307)</u>	<u>1,903,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(458,249)</u>	<u>(458,249)</u>	<u>(505,594)</u>
Total primary government	<u>\$ (9,351,535)</u>	<u>\$2,871,657</u>	<u>\$492,162</u>	<u>\$ -</u>	<u>(5,529,467)</u>	<u>(458,249)</u>	<u>(5,987,716)</u>	<u>(5,628,099)</u>
General revenues								
Property taxes					2,875,605		2,875,605	2,925,339
Sales taxes					1,432,103		1,432,103	1,435,154
Franchise taxes					476,632		476,632	466,647
Motor fuel taxes					332,290		332,290	330,979
Alcoholic beverage taxes					8,178		8,178	8,211
Transient guest taxes					39,873		39,873	33,792
Investment earnings					1,676	584	2,260	10,961
Transfers					(414,151)	414,151		
Total general revenues and transfers					<u>4,752,206</u>	<u>414,735</u>	<u>5,166,941</u>	<u>5,211,083</u>
Change in net assets					(777,261)	(43,514)	(820,775)	(417,016)
Net assets beginning of year					<u>7,127,327</u>	<u>6,793,587</u>	<u>13,920,914</u>	<u>14,337,930</u>
Net assets end of year					<u>\$ 6,350,066</u>	<u>\$6,750,073</u>	<u>\$13,100,139</u>	<u>\$13,920,914</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010
With comparative totals for December 31, 2009

	General	Special Revenue funds Consolidated Street and Highway	Debt Service fund	Other governmental funds	Totals	
					2010	2009
ASSETS						
Cash and equity in Treasurer's fund	\$1,132,915	\$126,403	\$ 594,157	\$1,355,303	\$3,208,778	\$4,273,959
Accounts receivable						9,075
Property taxes receivable	1,672,902		1,109,125	125,268	2,907,295	2,821,320
Prepaid expenses	2,801				2,801	1,124
Total assets	<u>\$2,808,618</u>	<u>\$126,403</u>	<u>\$1,703,282</u>	<u>\$1,480,571</u>	<u>\$6,118,874</u>	<u>\$7,105,478</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 75,593	\$ -	\$ -	\$ 89,438	\$ 165,031	\$ 92,865
Salaries and wages payable	41,214	4,541		1,923	47,678	38,792
Deferred revenues	<u>1,715,855</u>		<u>1,109,125</u>	<u>125,428</u>	<u>2,950,408</u>	<u>2,890,358</u>
Total liabilities	<u>1,832,662</u>	<u>4,541</u>	<u>1,109,125</u>	<u>216,789</u>	<u>3,163,117</u>	<u>3,022,015</u>
FUND BALANCES						
Reserved for						
Debt service			594,157		594,157	734,028
Unreserved, reported in						
General fund	975,956				975,956	984,414
Special revenue funds		121,862		921,302	1,043,164	1,770,534
Capital project fund				<u>342,480</u>	<u>342,480</u>	<u>594,487</u>
Total fund balances	<u>975,956</u>	<u>121,862</u>	<u>594,157</u>	<u>1,263,782</u>	<u>2,955,757</u>	<u>4,083,463</u>
Total liabilities and fund balances	<u>\$2,808,618</u>	<u>\$126,403</u>	<u>\$1,703,282</u>	<u>\$1,480,571</u>	<u>\$6,118,874</u>	<u>\$7,105,478</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
Year ended December 31, 2010

Amounts reported for governmental activities in the statement of net assets differ from the fund balances of governmental funds on the preceding balance sheet as shown in the following reconciliation:

Fund balances of governmental funds from the balance sheet	\$ 2,955,757
Capital assets, net of depreciation, used in governmental activities are not financial resources, and so have not been reported on the balance sheet	18,136,429
Long-term liabilities, such as bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(12,365,000)
KDOT loan payable	(1,798,501)
Capital lease payable	(244,035)
Compensated absences	(124,739)
Accrued interest on long-term debt	<u>(209,845)</u>
Net assets of governmental activities as reported on the statement of net assets	<u>\$ 6,350,066</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year ended December 31, 2010

With comparative totals for December 31, 2009

	General	Special Revenue funds Consolidated Street and Highway	Debt Service fund	Other governmental funds	Totals	
					2010	2009
Revenues						
Taxes and special assessments	\$3,268,745	\$ -	\$1,236,413	\$ 182,891	\$4,688,049	\$ 4,733,476
Intergovernmental		320,807		22,361	343,168	334,403
Licenses, permits and franchise taxes	545,985				545,985	551,991
Fines and forfeitures	770,478				770,478	584,866
Interest	1,776	156	1,226	1,403	4,561	15,570
Other	74,895	9,425		190,553	274,873	240,933
Total revenues	<u>4,661,879</u>	<u>330,388</u>	<u>1,237,639</u>	<u>397,208</u>	<u>6,627,114</u>	<u>6,461,239</u>
Expenditures						
Current						
General government	1,754,414			47,509	1,801,923	1,803,489
Public safety	1,348,651			36,359	1,385,010	1,188,413
Public works	583,876	479,067		655,860	1,718,803	1,483,854
Culture and recreation	522,105			274,197	796,302	805,190
Social services				8,767	8,767	7,782
Construction and engineering				101,325	101,325	2,712,647
Neighborhood revitalization rebate			35,415		35,415	40,874
Debt service						
Principal - bonds			545,000		545,000	555,000
Principal - temporary notes			1,210,000		1,210,000	1,250,000
Principal - revolving loan			85,121		85,121	77,925
Interest and commissions			601,743		601,743	585,956
Total expenditures	<u>4,209,046</u>	<u>479,067</u>	<u>2,477,279</u>	<u>1,124,017</u>	<u>8,289,409</u>	<u>10,511,130</u>
Excess (deficiency) of revenue over expenditures	<u>452,833</u>	<u>(148,679)</u>	<u>(1,239,640)</u>	<u>(726,809)</u>	<u>(1,662,295)</u>	<u>(4,049,891)</u>
Other financing sources (uses)						
Proceeds - general obligation bonds			975,000		975,000	
Proceeds - temporary notes						1,210,000
Proceeds - revolving loan						740,000
Original issue discount						(2,904)
Other costs of bond issuance			(26,260)		(26,260)	(5,903)
Transfers in	52,860		151,029	50,000	253,889	1,131,393
Transfers out	(514,151)			(153,889)	(668,040)	(1,731,393)
Total other financing sources (uses)	<u>(461,291)</u>	<u>-</u>	<u>1,099,769</u>	<u>(103,889)</u>	<u>534,589</u>	<u>1,341,193</u>
Net change in fund balances	(8,458)	(148,679)	(139,871)	(830,698)	(1,127,706)	(2,708,698)
Fund balances at beginning of year	<u>984,414</u>	<u>270,541</u>	<u>734,028</u>	<u>2,094,480</u>	<u>4,083,463</u>	<u>6,792,161</u>
Fund balances at end of year	<u>\$ 975,956</u>	<u>\$121,862</u>	<u>\$ 594,157</u>	<u>\$1,263,782</u>	<u>\$2,955,757</u>	<u>\$4,083,463</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2010

Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in fund balances of governmental funds differ from the amounts reported in the government-wide statement of activities as shown in the following reconciliation:

Net changes in fund balances - total from the preceding Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds	\$(1,127,706)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(444,051)
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Issuance of long-term debt, such as bonds and temporary notes, provides current financial resources to governmental funds, and the repayment of long-term debt uses those resources; however, neither transaction has any effect on net assets. The City issued general obligation bonds of \$975,000. The City entered into capital leases of \$122,128. The City retired \$545,000 of bonds, \$1,210,000 of temporary notes, \$85,120 of KDOT loan principal, \$60,541 of capitalized leases, and had a change in interest of \$6,456. The net effect of these differences is this amount.	797,077
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Compensated absences, such as vacation, are reported in the statement of activities, but do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	<u>(2,580)</u>
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Change in net assets of governmental activities as shown on the government-wide statement of activities	<u>\$ (777,260)</u>
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The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND

Year ended December 31, 2010

	Budgeted amounts		Actual	Variance
	Original	Final	amounts	with final budget positive (negative)
Revenues				
Property tax	\$1,644,734	\$1,644,734	\$1,640,461	\$ (4,273)
Auto ad valorem tax	194,518	194,518	188,003	(6,515)
Local alcoholic liquor tax			8,178	8,178
Local retail sales tax	1,250,000	1,250,000	1,239,550	(10,450)
Compensation use tax	185,000	185,000	192,553	7,553
Franchise fees	515,680	515,680	476,632	(39,048)
Licenses and permits	264,000	264,000	69,353	(194,647)
Fines and forfeitures	543,500	543,500	770,478	226,978
Interest			1,776	1,776
Other	67,496	67,496	74,895	7,399
Total revenues	<u>4,664,928</u>	<u>4,664,928</u>	<u>4,661,879</u>	<u>(3,049)</u>
Expenditures				
General government				
City administrator	163,695	163,695	145,794	17,901
Administration	487,356	487,356	487,029	327
Municipal court	219,341	219,341	198,534	20,807
Building maintenance	55,645	55,645	55,806	(161)
Community development	484,949	484,949	243,737	241,212
Economic development	309,497	309,497	306,048	3,449
Finance department	330,803	330,803	317,466	13,337
Public safety				
Police	1,410,082	1,410,082	1,347,810	62,272
Emergency preparedness	5,000	5,000	841	4,159
Public works				
General	332,692	332,692	316,025	16,667
Streets	136,719	136,719	128,397	8,322
Street lighting	149,852	149,852	139,454	10,398
Culture and recreation				
Parks and recreation	386,974	386,974	358,120	28,854
Activity center	116,474	116,474	99,961	16,513
Historical society	69,853	69,853	51,182	18,671
Community center	10,373	10,373	12,842	(2,469)
Total expenditures	<u>4,669,305</u>	<u>4,669,305</u>	<u>4,209,046</u>	<u>460,259</u>
Excess (deficit) of revenues over expenditures	<u>(4,377)</u>	<u>(4,377)</u>	<u>452,833</u>	<u>457,210</u>
Other financing sources				
Transfers in	50,000	50,000	52,860	2,860
Transfers out	(686,000)	(686,000)	(514,151)	171,849
Total other financing sources (uses)	<u>(636,000)</u>	<u>(636,000)</u>	<u>(461,291)</u>	<u>174,709</u>
Net change in fund balance	(640,377)	(640,377)	(8,458)	631,919
Beginning fund balance	<u>640,377</u>	<u>640,377</u>	<u>984,414</u>	<u>344,037</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 975,956</u>	<u>\$ 975,956</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
CONSOLIDATED STREET AND HIGHWAY FUND
Year ended December 31, 2010

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>with final</u> <u>budget</u> <u>positive</u> <u>(negative)</u>
Revenues				
Intergovernmental revenue	\$322,942	\$322,942	\$320,807	\$(2,135)
Interest	200	200	156	(44)
Other			9,425	9,425
Total revenues	<u>323,142</u>	<u>323,142</u>	<u>330,388</u>	<u>7,246</u>
Expenditures				
Public works	<u>492,256</u>	<u>492,256</u>	<u>479,067</u>	<u>13,189</u>
Excess (deficit) of revenues over expenditures	(169,114)	(169,114)	(148,679)	20,435
Beginning fund balance	<u>253,411</u>	<u>253,411</u>	<u>270,541</u>	<u>17,130</u>
Ending fund balance	<u>\$ 84,297</u>	<u>\$ 84,297</u>	<u>\$121,862</u>	<u>\$37,565</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LANSING, KANSAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

December 31, 2010

With comparative totals for December 31, 2009

	Business-type activities			
	Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2010	2009
ASSETS				
Current assets				
Cash and equity in Treasurer's fund	\$ 730,008	\$285,057	\$ 1,015,065	\$ 1,170,731
Accounts receivable	433,815	158,887	592,702	433,863
Total current assets	1,163,823	443,944	1,607,767	1,604,594
Noncurrent assets				
Capital assets				
Depreciable buildings, property, and equipment, net of depreciation	16,617,483		16,617,483	17,402,112
Total noncurrent assets	16,617,483	-	16,617,483	17,402,112
Total assets	17,781,306	443,944	18,225,250	19,006,706
LIABILITIES				
Current liabilities				
Accounts payable	13,125	1,365	14,490	47,675
Salaries and wages payable	19,247		19,247	18,437
Customer deposits	25,054		25,054	49,193
Accrued interest	100,318		100,318	106,307
Current portion of State revolving loan	695,237		695,237	675,439
Total current liabilities	852,981	1,365	854,346	897,051
Noncurrent liabilities				
Deferred revenue	2,000		2,000	2,000
State revolving loan payable	10,618,831		10,618,831	11,314,068
Total noncurrent liabilities	10,620,831	-	10,620,831	11,316,068
Total liabilities	11,473,812	1,365	11,475,177	12,213,119
NET ASSETS				
Invested in capital assets, net of related debt				
Unrestricted	5,303,415		5,303,415	5,412,610
	1,004,079	442,579	1,446,658	1,380,977
Total net assets	\$ 6,307,494	\$442,579	\$ 6,750,073	\$ 6,793,587

The notes to the financial statements are an integral part of these statements.

With comparative totals for December 31, 2009

CITY OF LANSING, KANSAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year ended December 31, 2010

With comparative totals for December 31, 2009

	Business-type activities Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2010	2009
Cash flows from operating activities				
Receipts from customers and users	\$1,325,687	\$414,132	\$1,739,819	\$1,720,218
Payments to suppliers	(412,305)	(412,390)	(824,695)	(722,985)
Payments to employees	(384,802)	(9,041)	(393,843)	(401,504)
Other	(55,920)	1,320	(54,600)	(47,659)
Net cash provided by (used by) operating activities	<u>472,660</u>	<u>(5,979)</u>	<u>466,681</u>	<u>548,070</u>
Cash flows from noncapital financing activities				
Transfer from other funds	464,151		464,151	600,000
Transfer to other funds		(50,000)	(50,000)	
Net cash provided by (used by) noncapital financing activities	<u>464,151</u>	<u>(50,000)</u>	<u>414,151</u>	<u>600,000</u>
Cash flows from capital and related financing activities				
Payment on capital debt	(675,439)		(675,439)	(656,207)
Interest paid on capital debt	(344,016)		(344,016)	(363,250)
Purchase of capital assets	(17,627)		(17,627)	(13,972)
Net cash used by capital and related financing activities	<u>(1,037,082)</u>	<u>-</u>	<u>(1,037,082)</u>	<u>(1,033,429)</u>
Cash flows from investing activities				
Interest received	<u>336</u>	<u>248</u>	<u>584</u>	<u>504</u>
Net cash from investing activities	<u>336</u>	<u>248</u>	<u>584</u>	<u>504</u>
Net increase (decrease) in cash and cash equivalents	(99,935)	(55,731)	(155,666)	115,145
Cash and cash equivalents, January 1	<u>829,943</u>	<u>340,788</u>	<u>1,170,731</u>	<u>1,055,586</u>
Cash and cash equivalents, December 31	<u>\$ 730,008</u>	<u>\$285,057</u>	<u>\$1,015,065</u>	<u>\$1,170,731</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED
Year ended December 31, 2010
With comparative totals for December 31, 2009

	Business-type activities			
	Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2010	2009
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	<u>\$ (214,106)</u>	<u>\$93,884</u>	<u>\$ (120,222)</u>	<u>\$ (148,162)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense	802,256		802,256	822,680
Change in assets and liabilities				
Accounts receivable	(91,145)	(67,694)	(158,839)	(142,585)
Accounts payable	(1,871)	(31,314)	(33,185)	14,446
Customer deposits	(24,139)		(24,139)	10,422
Accrued liabilities	<u>1,665</u>	<u>(855)</u>	<u>810</u>	<u>(8,731)</u>
Total adjustments	<u>686,766</u>	<u>(99,863)</u>	<u>586,903</u>	<u>696,232</u>
Net cash provided by (used by) operating activities	<u>\$ 472,660</u>	<u>\$ (5,979)</u>	<u>\$ 466,681</u>	<u>\$ 548,070</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF FIDUCIARY NET ASSETS
COMBINED AGENCY FUNDS

December 31, 2010

With comparative totals for December 31, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and equity in Treasurer's Fund	\$94,273	\$82,533
Total assets	<u>\$94,273</u>	<u>\$82,533</u>
LIABILITIES		
Due to others	\$84,283	\$73,073
Bonds posted escrow	<u>9,990</u>	<u>9,460</u>
Total liabilities	<u>\$94,273</u>	<u>\$82,533</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The City of Lansing is a municipal corporation governed by an elected mayor and eight-member council. The accompanying financial statements present the City's financial position at December 31, 2010. The accounting and reporting policies of the City of Lansing, Kansas, relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments (GASB 34 Edition), and by the Financial Accounting Standards Board, when applicable. Certain significant accounting policies of the City are described below.

The City's financial statements include the accounts of all City operations. The criteria for including other organizations as component units within the City's reporting entity, as set forth in section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Lansing has no component units.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the *Statement of Net Assets* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the City of Lansing. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purposes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Those revenues susceptible to accrual are sales taxes, franchise taxes, special assessments, investment earnings, and certain Federal and State grants and entitlements. Only sales taxes collected and paid the State at year-end on behalf of the City are recognized as revenue. Licenses, permits, fees for services, and fines are not susceptible to accrual, because generally they are not measurable until received in cash. While property taxes and special assessments are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year-end, because statutory provisions prohibit their use until the year for which they were levied and budgeted. Instead, they are offset by deferred revenue accounts.

The City of Lansing reports the following major governmental funds:

The *general fund* is the main operating fund of the City. This fund is used to account for all financial resources of the City, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the general fund.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The *consolidated street and highway fund*. This fund is used for the construction, reconstruction, alteration, repair and maintenance of the streets and highways of the City.

The *debt service fund* is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is reserved, to signify that amounts are restricted exclusively for debt service expenditures.

Capital project funds are used to account for the acquisition or construction of major capital assets, other than those financed by the proprietary funds, which are expected to be financed from borrowing or contributions.

The City of Lansing reports the following major proprietary funds:

The *sewer utility fund* provides accountability for all phases of operation and maintenance of the City's public sewer system.

The City reports the following types of nonmajor governmental funds:

Special revenue funds are used to account for the proceeds of specific revenue resources that are legally restricted to expenditure for specified purposes.

The City of Lansing reports the following type of nonmajor proprietary funds:

Enterprise fund is used for activities which are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the City reports the following fund type:

Fiduciary funds are used to account for resources that are held by the government as a trustee or as agent for parties outside the government and that cannot be used to support the City's own programs. The City of Lansing has no fiduciary trust funds, but maintains three fiduciary agency funds. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Likewise, general revenues include all taxes.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

4. Assets, liabilities and net assets or equity

a. Deposits and investments

The City of Lansing considers *cash and cash equivalents* to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition.

The City maintains and administers a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is included on the combined balance sheet or statement of net assets as *Cash and equity in Treasurer's fund*.

Kansas statutes authorize the City, with certain restrictions, to deposit or invest directly in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury bills and notes, and the State's Municipal Investment Pool (MIP). The MIP operates in accordance with applicable State laws and regulations. The reported value of the City's investment in the MIP is the same as the fair value of its pool shares.

Statutes require that collateral, which has a fair market value equal to 100 percent of the investment (less Federally insured amounts), be assigned for the benefit of the City to secure an investment of City funds. The statutes provide for an exception for peak deposit periods during taxpaying time where, for a period of 60 days, the amount of required collateral may be reduced by one-half.

b. Accounts receivable

Accounts receivable are stated net of actual write-offs. The accounts considered uncollectible during each accounting period are eliminated from accounts receivable through the direct write-off method.

Property tax receivables are shown net of an allowance for uncollectible amounts. That allowance is equal to approximately 3 percent of outstanding property taxes at December 31, 2010. Property taxes are levied November 1 on property values assessed as of the previous January 1

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

as certified by the County Appraiser on June 15 of each year. The tax levy can be paid by property owners in two installment payments. The first half is due on December 20 of the same year, and the second half is due on the following May 10. The payment is considered past due on the day after the due date.

c. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of three years. All such capital assets that are purchased or constructed are valued at historical cost where records are available and at an estimated historical cost where no such records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The City reports its infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements, regardless of their amount.

Capital assets of proprietary funds are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

Depreciation of the City's capital assets is computed using the straight-line method and the following useful life ranges:

Office equipment	5 years
Machinery	7 - 10 years
Sewer treatment plant and improvements	30 - 40 years
Infrastructure	30 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed when those projects are debt financed. The amount of interest to be capitalized is calculated by netting any investment earnings from unexpended debt proceeds against the related interest expense incurred from the date of debt issuance until completion of the project.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Compensated absences

It is the City's policy to permit benefit-eligible employees to accumulate earned but unused annual leave and sick leave benefits. Accumulated and vested annual leave that can be estimated with reasonable accuracy, and which is expected to be liquidated with current, available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested and accumulated annual leave that are not expected to be liquidated with expendable, current financial resources are reported only for governmental funds on the government-wide financial statement. Vested or accumulated annual leave of proprietary funds is recorded as an expense and a liability of those funds at the time the benefits accrue to employees.

In accordance with the provisions of Governmental Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

e. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or those that are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans, which are subject to change.

f. Comparative data

Comparative totals for the prior year are presented in the accompanying financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. The comparative totals appear in the government-wide financial statements and any combining fund level statements.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND
FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental funds
balance sheet and the government-wide statement of net assets

The governmental funds balance sheet includes a reconciliation (on page 12) between *fund balance-total governmental funds* in the amount of \$2,955,757 and *net assets-governmental activities* as reported in the government-wide statement of net assets in the amount of \$6,350,066. This difference results primarily from the difference in measurement focus between those statements. The government-wide statement of net assets has a long-term economic focus, versus the current financial resources focus of the governmental funds balance sheet. Elements of the reconciliation are explained below.

Capital asset differences

When capital assets (property, plant, equipment) to be used in governmental activities are acquired or constructed, the costs of those assets are reported as expenditures in governmental funds and not as capitalized assets net of related accumulated depreciation on the governmental fund balance sheet. However, the government-wide statement of net assets includes the value of those capital assets, net of accumulated depreciation, among the assets of the City as a whole. Using the GASB Statement 34 format, this represents a difference of \$18,136,429, to be added to the *fund balance-total governmental funds* amount of \$2,955,757.

Long-term liabilities

Long-term liabilities, including bonds payable, which are applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities on the governmental fund balance sheet. All liabilities, both current and long-term, are reported in the government-wide statement of net assets. The net difference is a deduction of \$14,407,536 from the *fund balance-total governmental funds* amount. Also, accrued liabilities in the government-wide statement of net assets differ from the amount reported in the governmental funds balance sheet, because accrued interest payable (\$209,845) on long-term debt and compensated absences (\$124,739) have not been reported in the governmental funds. This represents a deduction of \$334,584 from the *fund balance-total governmental funds* amount.

2. Explanation of certain differences between the governmental funds
statement of revenues, expenditures, and changes in fund balances
and the government-wide statement of activities

A reconciliation of the \$1,127,706 *net change in fund balances* reported in the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances* to the \$770,260 *change in net assets* for governmental activities reported in the government-wide statement of activities is included with the financial statements on page 14. The differences arise primarily from the long-term economic focus of the government-wide statement of activities versus the current financial resources focus of the governmental funds statement of revenues, expenditures, and changes in fund balances. The detail of the differences is discussed in the following paragraphs.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND
FINANCIAL STATEMENTS - Continued

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease only by the amount of depreciation expense charged for the year. Also, in the statement of activities, only the gain on the sale of capital assets is reported, but in the governmental funds, the gross sales proceeds increase fund balances. These differences in capital asset transactions result in a net decrease to governmental funds of \$444,051, as follows:

Capital assets purchased	\$319,599
Depreciation expense	<u>(763,650)</u>
Net adjustment to fund balances	<u>\$444,051</u>

Long-term debt transactions

The issuance of long-term debt, including bonds payable, provides current financial resources to governmental funds, and the repayment of long-term debt uses current financial resources of governmental funds. However, neither issuance nor payment of long-term debt has any effect on net assets. The net effect of these transactions is to increase the net change in fund balances by \$797,077 as follows:

- Repayment of bond, temporary notes, KDOT loan principal and capital lease principal is reported in *other financing uses* in the governmental funds, thus having the effect of reducing fund balance, because current financial resources have been used. However, for the City as a whole, the principal payments reduce the liabilities in the government-wide statement of net assets and do not result in an expense in the government-wide statement of activities, an increase to net change in fund balances of \$1,778,533.
- The net change in accrued interest on general obligation bonds is included in the statement of activities, but is not a current source or use of financial resources, and so is a decrease to the governmental funds of \$6,456.
- Proceeds from the issuance of general obligation bonds are included in other financing sources of the governmental funds, but have the effect of increasing long-term liabilities as reported in the statement of activities, a decrease from the net change in fund balances in the amount of \$975,000.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND
FINANCIAL STATEMENTS - Continued

Accrued liabilities

Some expenses, such as accrued compensated absences, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, an increase to net change in fund balances of \$2,580.

NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary information

Kansas state statutes require that an annual operating budget be legally adopted for all governmental fund types, unless specifically exempted by statute. The statutes provide for the following sequence and timetable in the adoption of the City's legal annual operating budget:

- a. Preparation of the proposed budget for the succeeding calendar year, on or before August 1.
- b. Publication in the entity's official, local newspaper of the proposed budget and of the notice of public hearing on the budget, on or before August 5.
- c. Public hearing on or before August 15, but no sooner than ten days after publication of the notice of hearing.
- d. Adoption of the final budget and certification to the office of the relevant County Clerk, on or before August 25.

The statutes allow the governing body to increase the originally adopted budget only for previously unanticipated increases in revenue, other than those attributed to *ad valorem* property taxes. To do this, a notice of public hearing to amend the budget must be published in the official, local newspaper. No sooner than ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. During the year 2010, there was one amendment to the originally adopted budget.

Under Kansas statutes, management cannot amend the budget without approval of the governing body; however, the statutes permit transferring budgeted amounts between line items within an individual fund or department. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds; i.e., the legal level of budgetary control is the fund level. Budget comparison statements are presented for each budgeted fund, showing actual revenues and expenditures compared to legally budgeted revenues and expenditures.

All legal, annual, operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Normally, revenues are recognized when cash is received, if not susceptible to accruals. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

payments, which are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute liabilities, because the commitments will be honored during subsequent years.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds:

- Capital Reserve Streets/Storm Sewer
- Equipment Reserve
- Capital Improvements
- Capital Improvements/Sales Tax
- Capital Reserve Sidewalks
- Governmental Grants
- Park Land Trust

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by other statutes, or by the use of internal spending limits established by the governing body.

2. Excess of expenditures over appropriations

Under Kansas statutes, expenditures are mandated to be controlled, so that no indebtedness is created in excess of budgeted limits. Management is not aware of any statutory violations.

NOTE D - DETAILED NOTES ON ALL FUNDS

1. Deposits and investments

At December 31, 2010, the City had the following investments:

		<u>Maturities (in years)</u>		
	<u>Fair value</u>	<u>Less</u> <u>than 1</u>	<u>1-2</u>	<u>Rating</u>
State Treasurer's Municipal Investment Pool	\$3,661,483	\$3,661,483	\$ -	N/A
Bank certificates of deposit	<u>20,000</u>	<u>20,000</u>	<u> </u>	N/A
	<u>\$3,681,483</u>	<u>\$3,681,483</u>	<u>\$ -</u>	

K.S.A. 9-1401 establishes the depositories which may be used by the City of Lansing. The statute requires banks eligible to hold the City of Lansing's funds have a main or branch bank in the county in which the City of Lansing is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City of Lansing has no other policies that would further limit interest rate risk.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE D - DETAILED NOTES ON ALL FUNDS - Continued

K.S.A. 12-1675 limits the City of Lansing's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City of Lansing has no investment policy that would further limit its investment choices. The rating of the City of Lansing's investments is noted above.

Concentration of credit risk. State statutes place no limit on the amount the City of Lansing may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City of Lansing's deposits may not be returned to it. State statutes require the City of Lansing's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2010.

At year-end, the carrying amount of the City's deposits, including certificates of deposit, was \$656,634. The bank balance was \$804,263. Of the bank balance, \$250,000 was covered by FDIC insurance and \$554,263 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging bank, and the independent third-party bank holding the pledged securities.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City of Lansing will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

2. Receivables

Receivables at year-end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including any related allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt service</u>	<u>Business- type activities</u>	<u>Nonmajor and other funds</u>	<u>Total</u>
Receivables					
Taxes	\$1,672,902	\$1,109,125	\$ -	\$125,268	\$2,907,295
Accounts			592,702		592,702
Gross					
receivables	<u>\$1,672,902</u>	<u>\$1,109,125</u>	<u>\$592,702</u>	<u>\$125,268</u>	<u>\$3,499,997</u>

Revenues of the enterprise funds are reduced by uncollectible amounts when written off.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE D - DETAILED NOTES ON ALL FUNDS - Continued

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

<u>Current property taxes receivable</u>	<u>Unavailable</u>
General fund	\$1,672,902
Debt Service fund	1,109,125
Other, nonmajor funds	125,428
<u>Other</u>	
Grants	<u>42,953</u>
Total deferred revenue for governmental funds	<u>\$2,950,408</u>

3. Capital assets

Capital asset activity for the year ended December 31, 2010, was as follows:

Primary Government

	<u>Beginning balances</u>	<u>Increases</u>	<u>Transfers and decreases</u>	<u>Ending balances</u>
Governmental activities				
Nondepreciable capital assets				
Land	\$ 991,774	\$ -	\$ -	\$ 991,774
Construction in progress	<u>4,540,208</u>	<u>101,325</u>	<u>(2,131,251)</u>	<u>2,510,282</u>
Total nondepreciable capital assets	<u>5,531,982</u>	<u>101,325</u>	<u>(2,131,251)</u>	<u>3,502,056</u>
Depreciable capital assets				
Buildings, improvements, infrastructure	14,636,617	2,131,251		16,767,868
Vehicles	728,005	43,365		771,370
Machinery and equipment	<u>1,063,181</u>	<u>174,906</u>		<u>1,238,087</u>
Total depreciable capital assets	16,427,803	2,349,522	-	18,777,325
Less accumulated depreciation	<u>(3,379,301)</u>	<u>(763,651)</u>		<u>(4,142,952)</u>
Depreciable capital assets, net of accumulated depreciation	<u>13,048,502</u>	<u>1,585,871</u>	<u>-</u>	<u>14,634,373</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$18,580,484</u>	<u>\$1,687,196</u>	<u>\$(2,131,251)</u>	<u>\$18,136,429</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE D - DETAILED NOTES ON ALL FUNDS - Continued

	<u>Beginning balances</u>	<u>Increases</u>	<u>Transfers and decreases</u>	<u>Ending balances</u>
Business-type activities				
Nondepreciable capital assets				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress				
Total nondepreciable capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable capital assets				
Buildings and improvements	22,768,295			22,768,295
Furniture and fixtures	23,943	8,790		32,733
Vehicles	348,202			348,202
Machinery and equipment	<u>535,136</u>	<u>8,837</u>		<u>543,973</u>
Total depreciable capital assets	23,675,576	17,627	-	23,693,203
Less accumulated depreciation	<u>(6,273,464)</u>	<u>(802,256)</u>		<u>(7,075,720)</u>
Depreciable capital assets, net of accumulated depreciation	<u>17,402,112</u>	<u>(784,629)</u>		<u>16,617,483</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$17,402,112</u>	<u>\$ (784,629)</u>	<u>\$ -</u>	<u>\$16,617,483</u>

Depreciation expense was charged to activities as follows:

Governmental activities	
General government	\$120,026
Public Safety	66,443
Public Works	551,939
Culture and Recreation	<u>25,242</u>
Total depreciation expense - Governmental	<u>\$763,650</u>
Business-type activities	
Sewer Utility	<u>\$802,256</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE D - DETAILED NOTES ON ALL FUNDS - Continued

4. Interfund transfers

	Transfer in					
	General fund	Consolidated Street and Highway fund	Debt Service fund	Nonmajor governmental	Enterprise funds	Total
Transfer out						
General fund	\$ -	\$ -	\$ -	\$50,000	\$464,151	\$514,151
Nonmajor governmental	2,860		151,029			153,889
Enterprise funds	50,000					50,000
	<u>\$52,860</u>	<u>\$ -</u>	<u>\$151,029</u>	<u>\$50,000</u>	<u>\$464,151</u>	<u>\$718,040</u>

In the fund financial statements, total *transfers out* of \$718,040 equal the total *transfers in* when combining the transfers of governmental funds, in the amount of \$203,889 and those transfers of \$514,151 attributable to business-type funds. *Transfers in* consisted of the following:

Library received \$25,000 from the General fund for operations
Equipment Reserve received \$25,000 from the General fund for equipment purchases
Sewer Utility received \$464,151 from the General fund for payment on state revolving loan
Debt Service fund received excess funds of \$151,029 from closed capital projects
General fund received \$50,000 from the Solid Waste fund for reimbursement of salaries
General fund received \$2,860 from the Economic Development fund to close out fund

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE E - LONG-TERM DEBT

Following is a detailed listing of the City's long-term debt including temporary notes:

<u>Debt issue</u>	<u>Date issued</u>	<u>Original amount</u>	<u>Interest rate</u>
Government obligation bonds			
Street improvements and refunding	2001	\$4,040,000	3.75% - 5.00%
Street improvements and refunding	2006	\$5,365,000	3.50% - 5.00%
Street and building improvements	2008	\$6,670,000	3.75% - 5.00%
Temporary notes	2008	\$800,000	2.25%
Temporary notes	2008	\$450,000	2.20%
KDHE loan			
Sewer Improvements	2003	\$15,881,000	2.91%
KDOT loan			
Street Improvements	2005	\$1,400,000	3.87%
KDOT loan			
Street Improvements	2009	\$740,000	4.00%
Capital lease	2007	\$127,432	4.25%
Capital lease	2009	\$61,504	3.50%
Capital lease	2009	\$54,511	3.375%
Capital lease	2010	\$122,128	2.97%

Following is a summary of changes in long-term debt for the year ended December 31, 2010:

<u>Type of issue</u>	<u>Beginning principal balance</u>	<u>Additions to principal</u>	<u>Reductions to principal</u>	<u>Ending principal balance</u>
General obligation bonds				
To be paid with tax levies	\$11,935,000	\$ 975,000	\$ 545,000	\$12,365,000
Temporary notes				
To be paid with tax levies	1,210,000		1,210,000	
KDHE loan - Sewer improvements				
To be paid with tax levies and operating revenues	11,989,507		675,439	11,314,068
KDOT loan - Street improvements				
To be paid with tax levies	1,883,622		85,120	1,798,502
Capital leases	182,450	122,128	60,543	244,035
Total	<u>\$27,200,579</u>	<u>\$1,097,128</u>	<u>\$2,576,102</u>	<u>\$25,721,605</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE E - LONG-TERM DEBT - Continued

Annual debt service requirements to maturity for general obligation bonds:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2011	\$ 610,000	\$ 531,932	\$ 1,141,932
2012	640,000	503,378	1,143,378
2013	665,000	479,853	1,144,853
2014	690,000	455,033	1,145,033
2015	725,000	424,768	1,149,768
2016 - 2020	4,110,000	1,606,430	5,716,430
2021 - 2025	3,505,000	758,093	4,263,093
2026 - 2030	<u>1,420,000</u>	<u>125,783</u>	<u>1,545,783</u>
Total	<u>\$12,365,000</u>	<u>\$4,885,270</u>	<u>\$17,250,270</u>

Annual debt service requirements to maturity for the KDHE sewer improvements loan:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2011	\$ 695,237	\$ 324,218	\$ 1,019,455
2012	715,616	303,839	1,019,455
2013	736,591	282,864	1,019,455
2014	758,182	261,273	1,019,455
2015	780,406	239,049	1,019,455
2016 - 2020	4,258,862	838,412	5,097,274
2021 - 2025	<u>3,369,174</u>	<u>198,918</u>	<u>3,568,092</u>
Total	<u>\$11,314,068</u>	<u>\$2,448,573</u>	<u>\$13,762,641</u>

Annual debt service requirements to maturity for the KDOT street improvements loans:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2011	\$ 88,449	\$ 70,500	\$ 158,949
2012	91,908	67,041	158,949
2013	95,503	62,816	158,319
2014	99,238	59,711	158,949
2015	103,119	55,830	158,949
2016 - 2020	579,336	198,397	777,733
2021 - 2025	605,852	105,969	711,821
2026 - 2030	<u>135,097</u>	<u>13,798</u>	<u>148,895</u>
Total	<u>\$1,798,502</u>	<u>\$634,062</u>	<u>\$2,432,564</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE E - LONG-TERM DEBT - Continued

Annual debt service requirements to maturity for the capital lease:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2011	\$ 93,179	\$ 5,771	\$ 98,950
2012	58,841	4,762	63,603
2013	60,718	2,884	63,602
2014	<u>31,297</u>	<u>929</u>	<u>32,226</u>
Total	<u>\$244,035</u>	<u>\$14,346</u>	<u>\$258,381</u>

NOTE F - CONDUIT DEBT OBLIGATIONS

To provide for the construction of a Health Service facility for Midwest Health Services, construction of an apartment complex and for the construction of a Hotel, the City has issued Taxable Industrial Revenue Bonds. These bonds do not constitute a debt or pledge of the faith and credit of the City and, accordingly, have not been reported in the accompanying financial statements.

At December 31, 2010, Taxable Industrial Revenue Bonds outstanding were \$8,670,500.

NOTE G - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE H - EMPLOYEE RETIREMENT SYSTEMS

The City of Lansing participates in the Kansas Public Employees Retirement System (KPERS) and in the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer, defined benefit pension plan, as defined by Federal regulations. As provided by K.S.A. 74-4901, et seq., KPERS and KP&F provide retirement benefits, term life insurance, disability income benefits, and death benefits. Kansas state law establishes and amends all KPERS and KP&F benefit provisions. KPERS and KP&F issue a publicly available, combined, annual financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3925, or by calling 1-800-228-0366.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE H - EMPLOYEE RETIREMENT SYSTEMS - Continued

Currently, K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4.00 percent of covered salary, and K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7.00 percent of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually, based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limit on annual increases in the employer contribution rates. The KPERS employer rate established by statute for calendar year 2010 was 7.14 percent. Included in this rate is the contribution for Group Death and Disability Insurance of 1.00 percent. From April 1, 2010 through June 30, 2010, the State of Kansas imposed a moratorium on the collection of the premium of 1.00 percent of the Group Death and Disability Insurance rate. The KPERS employer rate established by statute for calendar year 2009 was 6.54 percent. Included in this rate is the contribution for Group Death and Disability Insurance of 1.00 percent. From March 1, 2009 through November 30, 2009, the State of Kansas imposed a moratorium on the collection of 1.00 percent of the Group Death and Disability Insurance rate. The City of Lansing employer contributions to KPERS for the years ended December 31, 2010, 2009, and 2008, were \$131,227, \$109,338, and \$77,286, respectively, equal to the statutorily required contributions for each year.

Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. Including such past service costs' amortization, the City's KP&F uniform participating employer rate for calendar year 2010 was 12.86 percent. The employer rate for 2009 was 13.51 percent. The City's employer contributions to KP&F for the years ended December 31, 2010, 2009, and 2008, were \$99,801, \$96,034, and \$100,540, respectively, equal to the statutorily required contribution for the year.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010
 With comparative totals for December 31, 2009

	Special Revenue Funds						
	Transient Guest Tax	Mayor's Christmas	Special Alcoholic Liquor	Special Parks and Recreation	Economic Development	Library	KS Regional Prisons Museum
ASSETS							
Cash and equity in Treasurer's fund	\$31,298	\$4,194	\$60,126	\$257,050	\$ -	\$ 52,357	\$97,747
Property taxes receivable						125,268	
Total assets	<u>\$31,298</u>	<u>\$4,194</u>	<u>\$60,126</u>	<u>\$257,050</u>	<u>\$ -</u>	<u>\$177,625</u>	<u>\$97,747</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 81	\$ -	\$ 355	\$ -
Salaries and wages payable						1,923	
Deferred revenues						125,268	160
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>81</u>	<u>-</u>	<u>127,546</u>	<u>160</u>
FUND BALANCES							
Reserved for encumbrances							
Unreserved reported in							
Special revenue funds	<u>31,298</u>	<u>4,194</u>	<u>60,126</u>	<u>256,969</u>		<u>50,079</u>	<u>97,587</u>
Total fund balances	<u>31,298</u>	<u>4,194</u>	<u>60,126</u>	<u>256,969</u>	<u>-</u>	<u>50,079</u>	<u>97,587</u>
Total liabilities and fund balances	<u>\$31,298</u>	<u>\$4,194</u>	<u>\$60,126</u>	<u>\$257,050</u>	<u>\$ -</u>	<u>\$177,625</u>	<u>\$97,747</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
 December 31, 2010
 With comparative totals for December 31, 2009

	Special Revenue Funds				Capital Project Funds		Totals	
	Equipment Reserve	Park Land Trust	Capital Improvements	Governmental Grants	Streets	Park Improvements	2010	2009
ASSETS								
Cash and equity in Treasurer's fund	\$14,893	\$3,000	\$492,043	\$115	\$2,293	\$340,187	\$1,355,303	\$1,511,595
Property taxes receivable							125,268	134,210
Total assets	<u>\$14,893</u>	<u>\$3,000</u>	<u>\$492,043</u>	<u>\$115</u>	<u>\$2,293</u>	<u>\$340,187</u>	<u>\$1,480,571</u>	<u>\$1,645,805</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 89,002	\$ -	\$ -	\$ -	\$ 89,438	\$ 10,152
Salaries and wages payable							1,923	1,450
Deferred revenues							125,428	134,210
Total liabilities	<u>-</u>	<u>-</u>	<u>89,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,789</u>	<u>145,812</u>
FUND BALANCES								
Reserved for encumbrances								
Unreserved reported in								
Special revenue funds	14,893	3,000	403,041	115			921,302	1,499,993
Capital project funds					2,293	340,187	342,480	
Total fund balances	<u>14,893</u>	<u>3,000</u>	<u>403,041</u>	<u>115</u>	<u>2,293</u>	<u>340,187</u>	<u>1,263,782</u>	<u>1,499,993</u>
Total liabilities and fund balances	<u>\$14,893</u>	<u>\$3,000</u>	<u>\$492,043</u>	<u>\$115</u>	<u>\$2,293</u>	<u>\$340,187</u>	<u>\$1,480,571</u>	<u>\$1,645,805</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year ended December 31, 2010
 With comparative totals for December 31, 2009

	Special Revenue Funds						
	Transient Guest Tax	Mayor's Christmas	Special Alcoholic Liquor	Special Parks and Recreation	Economic Development	Library	KS Regional Prisons Museum
Revenues							
Taxes	\$39,873	\$ -	\$ -	\$ -	\$ -	\$143,018	\$ -
Intergovernmental			8,178	8,178		6,005	
Interest	16		40	206		34	66
Other		3,551	367	87,101		22,704	26,345
Total revenues	<u>39,889</u>	<u>3,551</u>	<u>8,585</u>	<u>95,485</u>	<u>-</u>	<u>171,761</u>	<u>26,411</u>
Expenditures							
General government	37,402	5,667					
Public safety							
Public works							
Culture and recreation				85,048		179,074	8,837
Social services			8,767				
Construction and engineering							
Total expenditures	<u>37,402</u>	<u>5,667</u>	<u>8,767</u>	<u>85,048</u>	<u>-</u>	<u>179,074</u>	<u>8,837</u>
Excess (deficit) of revenues over (under) expenditures	<u>2,487</u>	<u>(2,116)</u>	<u>(182)</u>	<u>10,437</u>	<u>-</u>	<u>(7,313)</u>	<u>17,574</u>
Other financing sources (uses)							
Transfers in						25,000	
Transfers out					(2,860)		
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,860)</u>	<u>25,000</u>	<u>-</u>
Net change in fund balances	2,487	(2,116)	(182)	10,437	(2,860)	17,687	17,574
Fund balances at beginning of year	<u>28,811</u>	<u>6,310</u>	<u>60,308</u>	<u>246,532</u>	<u>2,860</u>	<u>32,392</u>	<u>80,013</u>
Fund balances at end of year	<u>\$31,298</u>	<u>\$4,194</u>	<u>\$60,126</u>	<u>\$256,969</u>	<u>\$ -</u>	<u>\$ 50,079</u>	<u>\$97,587</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
 Year ended December 31, 2010
 With comparative totals for December 31, 2009

	Special Revenue Funds				Capital Project Funds		Totals	
	Equipment Reserve	Park Land Trust	Capital Improvements	Governmental Grants	Streets	Park Improvements	2010	2009
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,891	\$ 149,039
Intergovernmental							22,361	23,029
Interest	7		687		63	284	1,403	8,027
Other	770		49,715				190,553	155,597
Total revenues	777	-	50,402	-	63	284	397,208	335,692
Expenditures								
General government	4,440						47,509	73,535
Public safety	36,359						36,359	1,747
Public works			655,860				655,860	485,136
Culture and recreation	1,238						274,197	292,709
Social services							8,767	7,782
Construction and engineering					78,402	22,923	101,325	
Total expenditures	42,037	-	655,860	-	78,402	22,923	1,124,017	860,909
Excess (deficit) of revenues over (under) expenditures	(41,260)	-	(605,458)	-	(78,339)	(22,639)	(726,809)	(525,217)
Other financing sources (uses)								
Transfers in	25,000						50,000	922,319
Transfers out					(151,029)		(153,889)	(695,901)
Total other financing sources (uses)	25,000	-	-	-	(151,029)	-	(103,889)	226,418
Net change in fund balances	(16,260)		(605,458)		(229,368)	(22,639)	(830,698)	(298,799)
Fund balances at beginning of year	31,153	3,000	1,008,499	115	231,661	362,826	2,094,480	1,798,792
Fund balances at end of year	\$14,893	\$3,000	\$ 403,041	\$115	\$ 2,293	\$340,187	\$1,263,782	1,499,993
Capital project funds no longer major funds in 2010								594,487
Adjusted beginning balance								\$2,094,480

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year ended December 31, 2010

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u> <u>positive</u> <u>(negative)</u>
Revenues				
Taxes	\$1,239,350	\$1,199,413	\$1,236,413	\$ 37,000
Interest	500	500	1,226	726
Total revenues	<u>1,239,850</u>	<u>1,199,913</u>	<u>1,237,639</u>	<u>37,726</u>
Expenditures				
Principal - bonds	545,000	545,000	545,000	
Principal - temporary notes		1,210,000	1,210,000	
Principal - revolving loan	84,770	84,770	85,121	(351)
Interest and commissions	693,323	702,398	601,743	100,655
Neighborhood revitalization rebate	<u>36,896</u>	<u>36,898</u>	<u>35,415</u>	<u>1,483</u>
Total expenditures	<u>1,359,989</u>	<u>2,579,066</u>	<u>2,477,279</u>	<u>101,787</u>
Excess (deficit) of revenues over expenditures	<u>(120,139)</u>	<u>(1,379,153)</u>	<u>(1,239,640)</u>	<u>139,513</u>
Other financing sources (uses)				
Proceeds - general obligation bonds		975,000	975,000	
Proceeds - temporary notes				
Other costs of bond issuance	(20,000)	(29,000)	(26,260)	2,740
Original issue discount	(2,000)			
Transfer in	<u>75,000</u>	<u>75,000</u>	<u>151,029</u>	<u>76,029</u>
Total other financing sources (uses)	<u>53,000</u>	<u>1,021,000</u>	<u>1,099,769</u>	<u>78,769</u>
Net change in fund balance	(67,139)	(358,153)	(139,871)	218,282
Beginning fund balance	<u>367,139</u>	<u>734,028</u>	<u>734,028</u>	
Ending fund balance	<u>\$ 300,000</u>	<u>\$ 375,875</u>	<u>\$ 594,157</u>	<u>\$218,282</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
TRANSIENT GUEST TAX FUND
Year ended December 31, 2010

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Taxes	\$40,000	\$40,000	\$39,873	\$ (127)
Interest			16	16
Total revenues	40,000	40,000	39,889	(111)
Expenditures				
General government	38,365	38,365	37,402	963
Excess (deficit) of revenues over expenditures	1,635	1,635	2,487	852
Beginning fund balance	20,592	20,592	28,811	8,219
Ending fund balance	<u>\$22,227</u>	<u>\$22,227</u>	<u>\$31,298</u>	<u>\$9,071</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
MAYOR'S CHRISTMAS FUND
Year ended December 31, 2010

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Other	\$4,000	\$4,000	\$3,551	\$ (449)
Expenditures				
General government	<u>6,500</u>	<u>6,500</u>	<u>5,667</u>	<u>833</u>
Excess (deficit) of revenues				
over expenditures	(2,500)	(2,500)	(2,116)	384
Beginning fund balance	<u>5,890</u>	<u>5,890</u>	<u>6,310</u>	<u>420</u>
Ending fund balance	<u>\$3,390</u>	<u>\$3,390</u>	<u>\$4,194</u>	<u>\$ 804</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL ALCOHOLIC LIQUOR FUND
Year ended December 31, 2010

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ 8,178	\$ 8,178
Interest			40	40
Other			367	367
Total revenues	-	-	8,585	8,585
Expenditures				
Social services	9,350	9,350	8,767	583
Excess (deficit) of revenues				
over expenditures	(9,350)	(9,350)	(182)	9,168
Beginning fund balance	56,929	56,929	60,308	3,379
Ending fund balance	<u>\$47,579</u>	<u>\$47,579</u>	<u>\$60,126</u>	<u>\$12,547</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL PARKS AND RECREATION FUND
Year ended December 31, 2010

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ 8,178	\$ 8,178
Interest	100	100	206	106
Other	<u>73,000</u>	<u>73,000</u>	<u>87,101</u>	<u>14,101</u>
Total revenues	73,100	73,100	95,485	22,385
Expenditures				
Culture and recreation	<u>154,450</u>	<u>154,450</u>	<u>85,048</u>	<u>69,402</u>
Excess (deficit) of revenues over expenditures	(81,350)	(81,350)	10,437	91,787
Other financing sources				
Transfer in	<u>61,000</u>	<u>61,000</u>		<u>(61,000)</u>
Net change in fund balance	(20,350)	(20,350)	10,437	30,787
Beginning fund balance	<u>150,298</u>	<u>150,298</u>	<u>246,532</u>	<u>96,234</u>
Ending fund balance	<u>\$129,948</u>	<u>\$129,948</u>	<u>\$256,969</u>	<u>\$127,021</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT FUND
Year ended December 31, 2010

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Other	\$ -	\$ -	\$ -	\$ -
Expenditures				
General government	_____	_____	_____	_____
Excess (deficit) of revenues over expenditures				
Other financing uses				
Transfer out	_____	<u>2,860</u>	<u>2,860</u>	_____
Net change in fund balance	-	(2,860)	(2,860)	-
Beginning fund balance	_____	<u>2,860</u>	<u>2,860</u>	_____
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
LIBRARY FUND
Year ended December 31, 2010

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Taxes	\$143,944	\$138,637	\$143,018	\$ 4,381
Intergovernmental	5,814	6,005	6,005	
Interest	100	100	34	(66)
Other	<u>16,537</u>	<u>16,710</u>	<u>22,704</u>	<u>5,994</u>
Total revenues	166,395	161,452	171,761	10,309
Expenditures				
Culture and recreation	<u>194,772</u>	<u>180,248</u>	<u>179,074</u>	<u>1,174</u>
Excess (deficit) of revenues over expenditures	(28,377)	(18,796)	(7,313)	11,483
Other financing sources				
Transfer in	<u> </u>	<u>25,000</u>	<u>25,000</u>	<u> </u>
Net change in fund balance	(28,377)	6,204	17,687	11,483
Beginning fund balance	<u>28,377</u>	<u>32,393</u>	<u>32,392</u>	<u>(1)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ 38,597</u>	<u>\$ 50,079</u>	<u>\$11,482</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
KS REGIONAL PRISONS MUSEUM FUND
Year ended December 31, 2010

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Interest	\$ -	\$ -	\$ 66	\$ 66
Other	<u>125,605</u>	<u>125,605</u>	<u>26,345</u>	<u>(99,260)</u>
Total revenues	125,605	125,605	26,411	(99,194)
Expenditures				
Culture and recreation	<u>121,505</u>	<u>121,505</u>	<u>8,837</u>	<u>112,668</u>
Excess of revenues over expenditures	4,100	4,100	17,574	13,474
Beginning fund balance	<u>62,285</u>	<u>62,285</u>	<u>80,013</u>	<u>17,728</u>
Ending fund balance	<u>\$ 66,385</u>	<u>\$ 66,385</u>	<u>\$97,587</u>	<u>\$ 31,202</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
STREETS

From inception and for the year ended December 31, 2010

	<u>2010</u>	<u>Inception to December 31, 2010</u>
Total project authorization		<u>\$820,017</u>
Revenues		
Interest	\$ 63	<u>1,368</u>
Total revenues	<u>63</u>	<u>1,368</u>
Expenditures		
Construction and engineering	<u>78,402</u>	<u>550,128</u>
Total expenditures	<u>78,402</u>	<u>550,128</u>
Excess of expenditures over revenues	<u>(78,339)</u>	<u>550,128</u>
Other financing sources (uses)		
Proceeds - temporary notes		800,000
Original issue discount		(1,840)
Other costs of issuance		(11,078)
Transfer out	<u>(151,029)</u>	<u>(236,029)</u>
Total other financing sources	<u>(151,029)</u>	<u>551,053</u>
Net change in fund balance	<u>(229,368)</u>	<u>\$ 2,293</u>
Fund balance at beginning of year	<u>231,661</u>	
Fund balance at end of year	<u>\$ 2,293</u>	

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
PARK IMPROVEMENTS

From inception and for the year ended December 31, 2010

	<u>2010</u>	Inception to December 31, <u>2010</u>
Total project authorization		<u>\$2,200,000</u>
Revenues		
Interest	\$ 284	<u>92,618</u>
Total revenues	<u>284</u>	<u>92,618</u>
Expenditures		
Construction and engineering	<u>22,923</u>	<u>1,960,155</u>
Total expenditures	<u>22,923</u>	<u>1,960,155</u>
Excess of expenditures over revenues	<u>(22,639)</u>	<u>(1,867,537)</u>
Other financing sources (uses)		
Proceeds - temporary notes		2,218,335
Original issue discount		(4,548)
Other costs of issuance		<u>(6,063)</u>
Total other financing sources	<u>-</u>	<u>2,207,724</u>
Net change in fund balance	(22,639)	<u>\$ 340,187</u>
Fund balance at beginning of year	<u>362,826</u>	
Fund balance at end of year	<u><u>\$340,187</u></u>	

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE

December 31, 2010

With comparative totals for December 31, 2009

	<u>2010</u>	<u>2009</u>
Governmental funds capital assets by category		
Land	\$ 991,774	\$ 991,774
Buildings, improvements, infrastructure	16,767,868	14,636,617
Vehicles	771,370	728,005
Machinery and equipment	1,238,087	1,063,181
Construction in progress	<u>2,510,282</u>	<u>4,540,208</u>
Total governmental funds capital assets	<u>\$22,279,381</u>	<u>\$21,959,785</u>
Investments in governmental funds capital assets by source		
General fund	\$ 1,594,797	\$ 1,513,595
Special revenue funds	18,174,302	15,905,982
Capital project funds	<u>2,510,282</u>	<u>4,540,208</u>
Total governmental funds capital assets	<u>\$22,279,381</u>	<u>\$21,959,785</u>

The notes to the financial statements are an integral part of these statements.